

CHAPTER NO. 457

HOUSE BILL NO. 376

By Representatives Overbey, Johnson

Substituted for: Senate Bill No. 589

By Senator Miller

AN ACT to amend Tennessee Code Annotated, Title 12, Chapter 10, relative to the delivery and terms of leases, loan agreements, sales contracts and operating contracts and related contracts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 12-10-115(a)(1), is hereby amended by adding the phrase "and subsection (c)" after the introductory clause to the first sentence, "Except as provided in subsection (b)" and before the phrase "whenever, and as often as,".

SECTION 2. Tennessee Code Annotated, Section 12-10-115, is hereby amended by redesignating present subsection (c) to be subsection (d) and adding the following new subsection (c):

(c)

(i) Proceeds received from a lease, loan agreement, sales contract or operating contract with a public building authority or other contracting party under provisions of this chapter for school capital outlay purposes by a municipal corporation that is a county or metropolitan government within which an incorporated city or town or a special school district operates a school system shall be shared with such incorporated city or town or special school district system on the same basis as the proceeds of bonds issued pursuant to Title 49, Chapter 3, Part 10 are shared. The trustee of the county or treasurer of the metropolitan government shall pay over to the treasurer of the incorporated city or town or the special school district that amount of the proceeds which bears the same ratio to the entire amount of proceeds, net of all costs incurred in connection with the execution and delivery of the lease, loan agreement, sales contract or operating contract and any bonds or notes of the public building authority issued in connection with such lease, loan agreement, sales contract or operating contract, as the average daily attendance of the incorporated city or town or special school district for the year ending June 30 immediately preceding the receipt of the proceeds bears to the average daily attendance of the entire county or metropolitan government for the year ending June 30 immediately preceding the receipt of the proceeds. No proceeds to be shared hereunder shall be required to be disbursed to the incorporated city or town or special school district until the time the county or metropolitan government actually receives the proceeds of the lease, loan agreement, sales contract, or operating contract.

(ii) The governing body of any such incorporated city or town or special school district may, by resolution regularly adopted, waive its right to all or a portion of any funds due under the provisions of this subsection (c).

(iii) In lieu of the levy and collection of the tax required pursuant to subsection (a) of this section, a county or metropolitan government may provide for the payment of the amounts due under such lease, loan agreement, sales contract or operating contract by levying a tax only on that portion of the taxable property within the county or metropolitan government lying outside the territorial limits of the incorporated city or town or special school district independently operating their schools, and may in addition pledge and use for such purpose the proceeds of the county's or metropolitan government's share of the sales tax distributed under the provisions of Title 67, Chapter 6 or, a portion of the non-classroom component of the basic education program funding generated for capital outlay purposes. In such event, the proceeds of the lease, loan agreement, sales contract or operating contract shall not be required to be shared with any incorporated city or town or special school district school system.

(iv) the proceeds of any lease, loan agreement, sales contract or operating contract executed and delivered pursuant to this chapter to refund outstanding obligations issued by a county or metropolitan government for school capital outlay purposes shall not be required to be shared as provided herein, unless the outstanding obligations to be refunded were payable as provided in subdivision (c)(iii) of this section and the lease, loan agreement, sales contract or operating contract executed and delivered to accomplish such refunding is payable from taxes to be levied on all taxable property in the county or metropolitan government.

SECTION 3. The provisions of Section 12-10-115(c) are not applicable in counties and metropolitan governments having a population in excess of eight hundred thousand (800,000) according to the 1990 federal census or any subsequent federal census, or any municipality within such county served by a municipal or special school district.

SECTION 4. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end, the provisions of this act are declared severable.

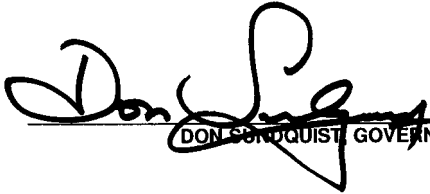
SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: July 12, 2001


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES


JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 24th day of July 2001


DON SUNDQUIST, GOVERNOR